

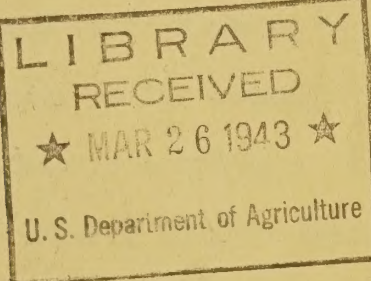
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A PROPOSAL FOR ESTABLISHING A SYSTEM
OF
WAGE REGULATION DURING THE WAR EMERGENCY

Labor Division
U.S. Farm Security Administration
United States Department of Agriculture

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MAR 26 1943

The most illuminating fact that recurred in the reports on farm labor shortages in 1941 was the role of wages as a conditioning factor in the reduced labor market serving agriculture. It was evident that the magnetism of higher wages in war or semi-war industries was exerting an attraction on workers who in ordinary times would have remained on farms and in rural regions. The disparity between agricultural and urban wages even in 1941 was already driving the most efficient and experienced workers away from the farms. This situation can be expected to become aggravated this year and, if the war continues, in subsequent years.

This state of affairs is now generally recognized and to some extent farm wages have risen in an effort to prevent further losses. These, attempts, however, have been sporadic and uncoordinated and have heightened the competition among farm employers for labor, thus throwing the farm labor market into a deeper chaotic condition. In ordinary times conventional market forces are usually left to resolve the wage bargain, but in a critical period of war the agricultural industry cannot afford to operate on a "labor as usual" basis.

The present emergency dictates that no stone be left unturned which promises to eliminate any uncertain elements in the situation and to promote and facilitate total mobilization of all of our capital and human resources on the agricultural front. A program of public wage regulation for agricultural workers seems to be a logical and indispensable step at this time. In this connection,

the experience of England is worthy of note. One of the objectives of the British Wage Boards for farm laborers in the last and in this war was to establish and maintain an equitable ratio between the wages of farm and industrial workers in order to prevent the loss to farming of the cream of its labor supply.

A Suggested Plan

The basic organizational apparatus already exists in the States and counties to launch a system of wage regulation for farm workers in this country. Likewise the necessary administrative authority is at hand to proceed with such a program without further legislation provided the scheme is founded on a voluntary and on an emergency basis and is limited for the duration of the war. This can be done by issuing appropriate directives and instructions to the USDA War Boards to take immediate steps in the establishment of Emergency Agricultural Wage Boards.

The principal function of these Boards would be to determine and recommend to the Secretary of Agriculture for his approval fair basic wages for farm laborers. Such rates would apply to the major agricultural operations performed by them in various crops or on various types of specialized farms on a monthly, weekly, daily or piece-work basis.

Agricultural wage boards should have state-wide jurisdiction. The establishment of wage boards in smaller jurisdictions, on a county basis for example, will create an administrative machinery too bulky and unwieldy for efficient operation. County Boards may also lead to a multiplicity of wage rates and thus introduce an element of instability

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M.L.Gould

and unfair competition. In the interest of flexibility, however, State Wage Boards might be empowered to set up county and regional wage committees where conditions warrant.

State agricultural wage boards should be tripartite in character, representing the interests of farm operators, agricultural workers, and the public. Each Emergency State Agricultural Wage Board may be composed of five members, two representing farm operators, two representing farm workers and one representing the public, the latter to act as chairman with voting rights. The names of four farm representatives and four labor representatives can be submitted to the Secretary by the USDA State War Boards. Farmer representatives should be drawn from at least two farm organizations in the State and labor representatives from each of the state bodies of the American Federation of Labor and the Congress of Industrial Organizations or from affiliated or independent agricultural workers' unions where such organizations exist and are representative of the workers.

From among these eight persons, four could be designated to serve as members of the Board and four who would act as alternates. The Secretary, on his own initiative, could request state groups representing the general public or consumers, the State college or university or the State Labor Department to recommend public representatives for the Board. From such a list, he may select one to act as the Board member and another as alternate. An alternative plan in choosing the public member to the Board is to permit the farmer and labor representatives to elect their own chairman and alternate, but having the Secretary retain the privilege of designating the public representative if they cannot agree on a selection.

Such Boards are to be charged with obtaining all factual evidence from reliable private and public sources and, if necessary, through public hearings that would enable them to determine and to recommend fair basic wages for agricultural workers to the Secretary of Agriculture. Appropriate instruction should be transmitted to these Boards incorporating basic principles to be applied in wage determination and also to the USDA State and County War Boards requesting their cooperation in securing such technical and factual assistance from field agencies as the Wage Boards might require.

State Wage Boards should have a high degree of autonomy in their respective areas of jurisdiction with regard to the determination of basic rates of pay. Administratively, however, they should be responsible directly to the Secretary of Agriculture. The latter could appoint a Central Agricultural Wages Advisory Committee in Washington to advise him on the selection of State Wage Board members, on administrative and policy making matters affecting the Board's activities and help guide and coordinate their operations.

The enforcement of the recommended and approved wages would rest on the force of public opinion, on the prestige of the Boards themselves and on the support of the Department of Agriculture and of the USDA State and County War Boards. No compulsion, nor punitive measures should be applied to those farm employers found paying less than the recommended and approved basic wages. The latter, however, should be posted in public places throughout the State.

The establishment and successful operation of wage boards for agricultural workers at this time can accomplish the following: Help reduce the exodus of workers from farms and rural regions by narrowing

the existing gap between farm and industrial wages; provide a needed yardstick for measuring labor shortages; raise status of farm wage workers; and forestall possible strife and friction in agriculture.

Help Reduce The Exodus

Some light may be thrown on the discrepancy between farm wages and factory wages by comparing monthly farm wages without board and weekly factory earnings. Such a comparison shows that in 1921-29 the average wage per month on farms was equal to 1.72 weeks of factory wages. By 1930-34 the ratio had declined to 1.52 and in 1935-39, to 1.47. In 1940 the proportion was further reduced to 1.40 and remained about the same in 1941.

To judge from the British experience, a system of public determination of fair minimum or basic wages for farm workers offers an effective device to reduce uniformly and with dispatch the disparity between farm and industrial wages. In April, 1941, under war conditions, Parliament deemed it advisable to amend the Agricultural Wages (Regulation) Act of 1924 in an effort to make farm employment more attractive.

Accordingly, the national minimum rate set for men engaged in agricultural work in England and Wales was 48 shillings for a 50 hour work-week with overtime pay for hours worked in excess of this number. In December 1941, the national minimum was raised to 60 shillings or about \$12.00 a week at the present rate of exchange. This rate was equivalent to wages received by unskilled and semi-skilled workers in other industries. Alton T. Murray, the assistant agricultural attache, American Embassy in London, has stated that "while no satisfactory statistical

evidence is available, general information appears to indicate that the fixation of minimum wages contributed substantially to checking the exodus of farm workers into industry during the World War and the immediate post-war period" in Great Britain.

It is assumed that the minimum or basic rates of wages recommended by wage boards in this country will also be equal to at least those paid by industry to unskilled or semi-skilled labor. The question as to whether farm employers are or are not in a position to pay wages of this character is a contentious one. But there is much evidence to demonstrate that farmers' ability to meet higher wages has improved considerably in the past few years.

Conservative estimates of the Department of Agriculture indicate that in 1942 farmers will receive at least one billion dollars more net income than in 1941, an increase of 16 percent. In 1941 farmers' net income, including government payments, was almost 40 percent over 1940. Between 1933 and 1940, the net income of farmers, including government payments, increased from \$2,640,000,000 to about \$4,975,000,000, a rise of 88 percent; their farm wage bill, including the value of perquisites, grew from \$517,000,000 to \$751,000,000 an increase of only 45 percent.

Measuring Labor Shortages

Whatever merit the reports on farm labor stringencies had in 1941, the fact that this marked a drastic change from the preceding score of years when surplus of farm labor was the characteristic condition of the farm labor market.

It appeared, also, from these reports that ameliorative action would have to be based on the appraisal of the character of the shortage: A relative shortage that may be remedied by reasonable adjustments in living and working conditions and in wage rates; a seasonal shortage that may be met by improved distribution of the local labor supply with or without adjustments of wages or employment conditions; and an absolute shortage, one which persisted after a thorough effort had been made to canvass local supplies, after appropriate wage and employment adjustments had been attempted and which, therefore, could be met only by the movement of labor from areas of known surpluses.

From many of the reports, however, it was apparent that the wage factor had some bearing on the volume of farm labor available. Yet it was not possible to ascertain the supply at hand at a basic uniform wage. Since it was not known whether wages or other factors were responsible for the condition of the labor market, it was difficult to apply the necessary remedial measures. The establishment of a basic minimum wage for various farm operations will provide one of the underlying determinants of labor supply and facilitate the application of corrective action.

Status of Workers

The decline of opportunities of farm workers to advance to operator status and the barriers which have developed to the ready movement of surplus labor out of agriculture into urban industry have created an agricultural wage working class in the United States.

The slow and reluctant acceptance of the reality of this group as a separate and distinct entity in our rural population has placed

agricultural workers in a twilight zone in American agriculture. Today, they have neither the rights and privileges of farmers nor the protection of their material conditions of life afforded to workers in other industries through legislation or collective bargaining.

For the past 30 years, hired farm workers have constituted approximately 25 percent of the gainfully employed persons in agriculture. The annual average number of hired farm laborers has fluctuated, but the Agricultural Census reveals that since 1910 it has not been below 2,500,000. The Census of 1940 reported over 3,000,000 hired workers as having worked on farms in the United States during the last week of September in 1939 and about 1,750,000 during the last week in March 1940.

It is significant that of the 2,300,000 farms which reported cash wages, less than one-fourth made payments for monthly hired labor, 51 percent for daily or weekly hired labor and 27 percent, for hired labor on a piece work basis.

This changed pattern in American agriculture in which the traditional farm had has been replaced in many areas by agricultural labor employed in large groups under industrialized or semi-industrialized conditions has created serious problems of labor relations and inequalities in bargaining power. It has introduced a need for a rational process of labor recruiting, job placement, and for a system of equitable determination of wages and other working conditions on farms. Denial of economic and social safeguards for agricultural workers, moreover, has created a farm-labor class of definitely inferior status and thus has lowered the rank of farming itself as an occupation.

The present war situation provides an opportunity to extend to farm workers and to the industry itself the status which they rightfully

deserve in American economic life. The establishment of agricultural wage boards would be an important first step in this direction. They will provide for an orderly representation of the interests of a group that has been notoriously weak in bargaining power. At the same time, basic wages fixed by the boards will promote efficiency of farm workers, attach them more securely to the industry and give them a feeling of "belonging" in the scheme of farming. This will be of inestimable value to farmers who in the past have been relying in large part on occupationally-transient and substandard workers.

Strife and Friction

Besides problems of labor supply faced by the agricultural industry, there are other manifestations of employer-employee problems in farming. Some indication of the importance of these problems can be gained by reviewing the number and extent of strikes on farms in the United States.

Since 1933, the number of strikes each year has varied from 25 to 34, more than half of them in fruit and vegetable areas where large groups of field workers are employed. The largest number of agricultural strikes occurred in California, but 30 states and the District of Columbia were affected between 1933 and 1938.

It is significant that an appreciable number of strikes in 1940 and in 1941 were for higher wages as farm commodity prices and cost of living rose. Fair and prompt adjustment of farm wages to prices of farm commodities and to the cost of living by wage boards will forestall interruption in agricultural production in this critical period.

In this connection, we must again turn to the British experience. In summarizing the effects of agricultural wage regulation in Great Britain after six years of operation, the Ministry of Agriculture reported in 1930: "Wage control has been accompanied by an absence of industrial disputes in agriculture during a period (1924-30) when, if there had been no statutory system of wage regulation, the industry would undoubtedly have experienced great difficulty in adjusting wage rates to the changing value of produce, the variations in the cost of living and the general conditions of the labor market."

In Summary

It is not unlikely that many communities will continue to have enough and perhaps surplus agricultural workers in 1942. In general, however, the total number of the usually-employed workers in agriculture will probably be the lowest in many years even though farm production will reach all-time highs. The forces that have caused the movement of workers out of farming areas in the past will continue to operate with greater intensity this year and probably longer. We should anticipate farm labor supply problems which may be solved by better distribution and more efficient use of available supplies. It will be necessary, also, to make farm employment economically attractive, socially desirable and morally satisfying to prevent further depletion in the ranks of farm labor. Yesterday, farm labor conditions such as adequate wages and earnings, regular and stabilized employment, decent housing and sanitation and legal recognition and protection of social and economic status were long-range objectives; today, they are directly related to the war effort and require immediate consideration.

What has been achieved in one sector of the agricultural industry, could be attained in the entire domain of farming. One of the labor provisions of the Sugar Acts of 1934 and 1937 enabled the Federal Government to set minimum wages for approximately 325,000 field workers in sugar cane and sugar beets in 25 states. This measure provides a strong justification for the extension of Federal participation in the wage-determining process to other branches of agriculture.

This country, moreover, may be driven shortly to assume compulsory control of its man-power. The War Manpower Commission established by the President in April was not given, it is true, the authority to order men to remain on the farm or in the factory nor prevent farm or industrial employers from recruiting and disposing of their workers as they choose. But the executive order did make the head of the Commission responsible for establishing "policies and prescribe regulations governing all Federal programs relating to the recruitment, vocational training, and placement of workers to meet the needs of industry and agriculture." In fact on May 27, 1942, the Commission announced that it would issue a policy statement designed to remedy "pirating" from essential war activities workers possessing critical skills. It was stated "that consideration was being given to requiring that all hiring in the specified areas for jobs requiring these critical skills should be carried on only through the USES or in accordance with methods approved by the USES." This has been interpreted as a mild attempt to freeze labor in a few critical occupations in a small number of war production areas where the situation had become serious.

When and if compulsory control of labor supply comes to agriculture, it will be accompanied, most likely, as it was in England, by an official determination of farm labor standards. ^{1/} Before and until that time comes, it would be exceedingly desirable to gain some experience with public wage regulation in this important part of our economy.

^{1/} The Emergency Powers (Defense) Act, prohibiting employers in Great Britain from advertising for hiring or rehiring farm workers without approval of the Minister of Labor, and the national minimum wage for agricultural workers were adopted on the same day in June 1940..

There are a number of points which are of importance
in the present case, and which are of importance
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